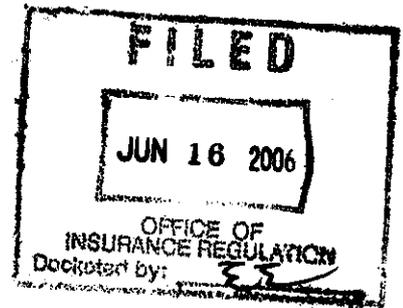




OFFICE OF INSURANCE REGULATION



KEVIN M. McCARTY  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 86511-06

AN ASSESSMENT

Relating to Florida Insurance  
Guaranty Association, Inc. and  
All Member Insurers

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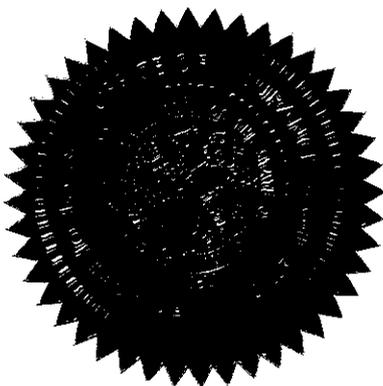
**ASSESSMENT LEVY 01-2006**

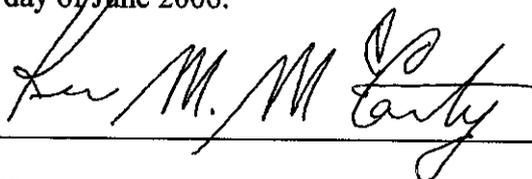
Pursuant to Section 631.57(3)(a), Florida Statutes, the Board of Directors of the Florida Insurance Guaranty Association, Inc. ("Association"), has by letter dated June 16, 2006, certified to the Florida Office of Insurance Regulation ("Office") a present need for an assessment against members in the *All Other Account* doing business in Florida for the purpose of securing funds to pay covered claims and to pay the reasonable costs of the Association. A true and correct copy of the Association letter dated June 16, 2006 is attached hereto as Exhibit "A".

Section 631.57(3)(a), Florida Statutes, requires the Office to levy assessments required by the Board of Directors of the Association. Pursuant to said certification letter from the Association dated June 16, 2006, the Office has determined that all member insurers writing in the account defined by Section 631.55(2)(c), Florida Statutes, shall be assessed as follows:

1. All members of the Florida Insurance Guaranty Association, Inc. as defined in Section 631.55(2)(c), Florida Statutes, are hereby assessed two percent (2%) of the Florida net direct written premiums for calendar year 2005 for the purpose of securing funds to handle, adjust and pay covered claims which may be presented to the Association.
2. The said assessments are due and payable to the Association on or before July 21, 2006.

DONE and ORDERED this <sup>16<sup>th</sup></sup>~~16~~ day of June 2006.



  
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**KEVIN M. McCARTY, COMMISSIONER  
OFFICE OF INSURANCE REGULATION**

### NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes and Rule Chapters 28-106 and 28-107, Florida Administrative Code (F.A.C.), you have a right to request a proceeding to contest this action by the Office of Insurance Regulation (hereinafter the "Office"). You may request a proceeding by filing a Petition. Your Petition for a proceeding must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Office of Insurance Regulation. If served by U.S. Mail the Petition should be addressed to the Florida Office of Insurance Regulation at 612 Larson Building, Tallahassee, Florida 32399-4206. If Express Mail or hand-delivery is utilized, the Petition should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0300. The written Petition must be received by, and filed in the Office no later than 5:00 p.m. on the twenty-first (21) day after your receipt of this notice. Unless your Petition challenging this action is received by the Office within twenty-one (21) days from the date of the receipt of this notice, the right to a proceeding shall be deemed waived. Mailing the response on the twenty-first day will not preserve your right to a hearing.

If a proceeding is requested and there is no dispute of material fact the provisions of Section 120.57(2), Florida Statutes would apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one will be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts which are the basis for this agency's action you may request a formal adversarial proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule Chapter 28-106.201, F.A.C., must demonstrate that your substantial interests have been affected by this agency's action, and contain:

- a) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;
- b) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;
- c) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and
- d) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

These proceedings are held before a State hearing officer of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere the Office will request that the hearing be conducted in Tallahassee.

In some instances you may have additional statutory rights than the ones described herein.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. Any request for administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.

# FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.

A Florida Nonprofit Corporation

P.O. Box 10366 • Jacksonville, Florida 32247-0366

Telephone: 904/398-1450 • Fax: 904/398-1975

www.figafacts.com

June 16, 2006

Commissioner Kevin McCarty  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, FL 32399-0305

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OIR LEGAL  
2006 JUN 16 A 11:23

Dear Commissioner McCarty:

The FIGA Board of Directors, pursuant to a motion duly made, seconded and adopted on June 16, 2006, at a Teleconference Board Meeting, hereby certifies to the Office of Insurance Regulation the need for an assessment upon its member insurers.

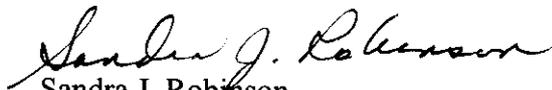
This assessment is necessary to secure funds "for the payment of covered claims and also to pay the reasonable costs to administer the same" in accordance with Florida Statutes 631.57 (3) (a).

The Board adopted a motion to certify the need for the following assessment on member insurers in the All Other Account of two percent (2%) of the Florida net direct written premiums for calendar year 2005. Based on the 2005 net direct written premiums reported of \$11.2 billion this would generate approximately \$225 million.

Based on the actuarial projections included in the court filings for the liquidation of Southern Family Insurance Company, Atlantic Preferred Insurance Company and Florida Preferred Property Insurance Company, the estimated loss and loss adjustment expense deficiency for these three insolvencies may range between \$110 million and \$391 million, with a best case estimate of \$239 million. The current account balance in the All Other Account is approximately \$35 million. Therefore, an assessment is necessary and the Association recommends that member insurers pay this assessment in full on or before July 21, 2006.

Thank you for your assistance in this matter.

Sincerely,

  
Sandra J. Robinson  
Executive Director

cc: FIGA Board of Directors

